

Message Text

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14

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APPROVED BY EB/OT/TA:DJDUNFORD

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EB/OT/GCP:RLANDERS

STR:TGRAHAM -EUR/RPE:ECASEY

L/EB:CROH

TREASURY:WBARREDA

USDA/FAS:GWHITE

LABOR:DWANAMAKER

COMMERCE:DSCHLECTY

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FM SECSTATE WASHDC

TO USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS STATE 249138

E.O. 11652: N/A

TAGS: ETRD, GATT, OECD

SUBJECT: NOTIFICATION OF INCREASED U.S. SUGAR TARIFF
TO OECD AND GATT

REFS: (A) GENEVA 7417, (B) STATE 234057, (C) STATE 234812,
(D) GENEVA 7472

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1. MISSIONS SHOULD NOTIFY OECD AND GATT SECRETARIATS
OF CHANGES IN U.S. IMPORT POLICIES ON SUGAR SINCE 1974.
LETTERS OF NOTIFICATION SHOULD REQUEST THAT THEY BE
CIRCULATED TO OECD MEMBERS AND GATT CONTRACTING PARTIES,

RESPECTIVELY, SHOULD INCLUDE AS AN ATTACHMENT TEXT OF PRESIDENTIAL PROCLAMATION NO. 4463 OF SEPTEMBER 21, 1976 (PARA. 2), AND, DRAWING ON WHITE HOUSE STATEMENT (PARA. 3) SHOULD MAKE FOLLOWING POINTS:

(A) SUGAR ACT OF 1948 EXPIRED, ACCORDING TO ITS OWN TERMS, ON DECEMBER 31, 1974, ENDING PREVIOUS SYSTEM OF DOMESTIC AND FOREIGN NATIONAL QUOTA ALLOCATIONS. U.S. GATT BINDING ON SUGAR TARIFF WAS NEGOTIATED IN THE KENNEDY ROUND, AND IS EMBODIED IN THE 1967 GENEVA PROTOCOL TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE, INCLUDING ANNEXED THERETO "SCHEDULE XX", A SCHEDULE OF UNITED STATES TRADE CONCESSIONS, TOGETHER WITH THE FINAL ACT AUTHENTICATING THE RESULTS OF THE 1964-67 TRADE CONFERENCE HELD UNDER THE AUSPICES OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT. IN THE TSUS, THIS IS HEADNOTE 2 OF SCHEDULE 1, PART 10, SUBPART A. HEADNOTE PROVIDED THAT IN CASE OF EXPIRATION OF SUGAR ACT, PRESIDENT WOULD RETAIN AUTHORITY TO ADJUST BASE TARIFF RATE BETWEEN 0.6625 AND 1.9875 CENTS PER POUND (REFINED SUGAR BASIS, WHICH IS EQUIVALENT TO 1.875 CENTS PER POUND ON A RAW SUGAR BASIS AT 96 DEGREES POLARIZATION) PROVIDED HE IMPOSED AN IMPORT QUOTA. HEADNOTE FURTHER PROVIDED TARIFF WOULD RISE TO 1.9875 CENTS PER POUND IF PRESIDENT FAILED TO SET QUOTA. IN ORDER TO MAINTAIN HIS AUTHORITY TO ADJUST TARIFF RATE AND TO AVOID AUTOMATIC INCREASE OF TARIFF TO 1.9875 CENTS PER POUND, ON JANUARY 1, 1975, PRESIDENT ESTABLISHED ANNUAL GLOBAL IMPORT QUOTA FOR SUGAR, AT SEVEN MILLION SHORT TONS (RAW VALUE), A FIGURE WHICH EXCEEDED TOTAL IMPORTS ALLOCATED UNDER PREVIOUS SUGAR ACT QUOTAS FOR INDIVIDUAL COUNTRIES IN ANY YEAR. PRESIDENT SIMULTANEOUSLY PROCLAIMED CONTINUANCE OF LOWER TARIFF RATE. OBJECTIVE WAS TO RESTORE MARKET ORIENTATION TO SUGAR TRADE TO GREATEST EXTENT POSSIBLE.

(B) WORLD SUGAR PRICES IN LATE 1974 AND IN 1975 REACHED UNCLASSIFIED

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RECORD LEVELS, AS HIGH AS 64 CENTS PER POUND AT ONE POINT. THIS SPURRED SUGAR PRODUCTION THROUGH NEW INVESTMENT AND EXPANSION IN THE AREA UNDER SUGAR CULTIVATION. AT SAME TIME, HIGH PRICES CAUSED CONSUMPTION TO DECLINE AND ENCOURAGED USE OF CHEAPER SUBSTITUTE PRODUCTS, INCLUDING HIGH FRUCTOSE CORN SYRUP, WHICH IS NOW WIDELY USED IN PLACE OF SUGAR IN SOME PRODUCTS SUCH AS SOFT DRINKS. COMBINATION OF INCREASED PRODUCTION AND DECREASED CONSUMPTION HAS DEPRESSED PRICES DRAMATICALLY, AND SUGAR HAS RECENTLY BEEN SELLING ON WORLD MARKETS AT UNDER 10 CENTS PER POUND.

(C) ON SEPTEMBER 21, 1976, PRESIDENT, ACTING PURSUANT

TO HEADNOTE AUTHORITY, RAISED TARIFF ON SUGAR FROM 0.6625 TO 1.9875 CENTS PER POUND. ON OCTOBER 4, PRESIDENT AMENDED THIS PROCLAMATION TO PERMIT SUGAR EXPORTED PRIOR TO SEPTEMBER 21 TO ENTER AT LOWER DUTY RATE, PROVIDED SUCH SUGAR CLEARS U.S. CUSTOMS ON OR BEFORE NOVEMBER 8. THESE ACTIONS ARE DESIGNED TO SHORE UP DOMESTIC-SUGAR PRICES SOMEWHAT AND REDUCE HEAVY FINANCIAL LOSSES NOW BEING EXPERIENCED BY SOME U.S. SUGAR GROWERS AND PROCESSORS. INCREASE IN TARIFF DOES NOT VIOLATE GATT BINDING OR ANY OTHER INTERNATIONAL COMMITMENT OF USG. INCREASE DOES NOT AFFECT DUTY-FREE ENTRY OF SUGAR UNDER GSP FOR BENEFICIARY COUNTRIES.

2. TEXT OF PRESIDENTIAL PROCLAMATION NO. 4463 OF SEPTEMBER 21, 1976:

QTE

THE PRESIDENT
PROCLAMATION 4463
SEPTEMBER 21, 1976

MODIFICATION OF TARIFFS ON CERTAIN SUGARS, SIRUPS AND
MOLASSES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION
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1. BY PROCLAMATION 4334 OF NOVEMBER 16, 1974, THE PRESIDENT MODIFIED SUBPART A, PART 10, SCHEDULE 1 OF THE TARIFF SCHEDULES OF THE UNITED STATES (19 U.S.C. 1202, HEREINAFTER REFERRED TO AS THE "TSUS") TO ESTABLISH, EFFECTIVE JANUARY 1, 1975, FOLLOWING EXPIRATION OF THE SUGAR ACT OF 1948, A RATE OF DUTY AND QUOTA APPLICABLE TO SUGARS, SYRUPS, AND MOLASSES DESCRIBED IN ITEMS 155.20 AND 155.30 OF THE TSUS.

2. THE PRESIDENT TOOK THE ACTION DESCRIBED IN RECITAL 1 PURSUANT TO THE AUTHORITY VESTED IN HIM BY THE CONSTITUTION AND STATUTES OF THE UNITED STATES, INCLUDING SECTION 201(A)(2) OF THE TRADE EXPANSTION ACT OF 1962 (19 U.S.C. 1821(A)(2)) AND IN CONFORMITY WITH HEADNOTE 2 OF SUBPART A OF PART 10 OF SCHEDULE 1 OF THE TSUS, WHICH WAS ADDED TO THE TSUS BY PROCLAMATION NO. 3822 OF DECEMBER 16, 1967 (82 STAT. 1455), TO CARRY OUT A TRADE AGREEMENT CONCLUDED PURSUANT TO SECTION 201 (A) OF THE TRADE EXPANSION ACT OF 1962 (19 U.S.G. 1821(A)) CONSISTING OF THE 1967 GENEVA PROTOCOL TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE, INCLUDING ANNEXED THERETO "SCHEDULE XX", A SCHEDULE OF UNITED STATES TRADE

CONCESSIONS, TOGETHER WITH THE FINAL ACT AUTHENTICATING THE RESULTS OF THE 1964-67 TRADE CONFERENCE HELD UNDER THE AUSPICES OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT.

3. HEADNOTE 2, SUBPART A, PART 10 OF SCHEDULE 1 OF THE TSUS, WHICH IS BASED UPON SAID TRADE AGREEMENT, PROVIDES IN RELEVANT PART AS FOLLOWS:

"(I) THAT , IF THE PRESIDENT FINDS THAT A PARTICULAR RATE NOT LOWER THAN SUCH JANUARY 1, 1968, RATE, LIMITED BY A PARTICULAR QUOTA, MAY BE ESTABLISHED FOR ANY ARTICLES PROVIDED FOR IN ITEM 155.20 OR 155.30, WHICH WILL GIVE DUE CONSIDERATION TO THE ;NTERESTS IN THE UNITED STATES SUGAR MARKET OF DOMESTIC PRODUCERS AND MATERIALLY AFFECTED CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE, HE SHALL PROCLAIM SUCH PARTICULAR RATE AND SUCH QUOTA LIMITATION,...

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"(II) THAT ANY RATE AND QUOTA LIMITATION SO ESTABLISHED SHALL BE MODIFIED IF THE PRESIDENT FINDS AND PROCLAIMS THAT SUCH MODIFICATION IS REQUIRED OR APPROPRIATE TO GIVE EFFECT TO THE ABOVE CONSIDERATIONS;..."

4. SECTION 201 (A)(2) OF THE TRADE EXPANSION ACT AUTHORIZES THE PRESIDENT TO PROCLAIM THE MODIFICATION OR CONTINUANCE OF ANY EXISTING DUTY OR OTHER IMPORT RESTRICTION OR SUCH ADDITIONAL IMPORT RESTRICTIONS AS HE DETERMINES TO BE REQUIRED OR APPROPRIATE TO CARRY OUT ANY TRADE AGREEMENT ENTERED INTO UNDER THE AUTHORITY OF THAT ACT.

5. I FIND THAT THE MODIFICATIONS HEREINAFTER PROCLAIMED OF THE RATES OF DUTY APPLICABLE TO ITEMS 155.20 AND 155.30 OF THE TSUS, AS ESTABLISHED BY PROCLAMATION 4334, ARE APPROPRIATE TO CARRY OUT THE PORTION OF A TRADE AGREEMENT REFERRED TO IN RECITALS 2 AND 3, AND GIVE DUE CONSIDERATION TO THE INTERESTS IN THE UNITED STATES SUGAR MARKET OF DOMESTIC PRODUCERS AND MATERIALLY AFFECTED CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE.

NOW, THEREFORE, I, GERALD R. FORD, PRESIDENT OF THE UNITED STATES OF AMERICA, ACTING UNDER THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND STATUTES, INCLUDING SECTION 201 (A)(2) OF THE TRADE EXPANSION ACT OF 1962 AND IN CONFORMITY WITH HEADNOTE 2, SUBPART A OF PART 10 OF SCHEDULE 1 OF THE TSUS, DO HEREBY PROCLAIM UNTIL OTHERWISE SUPERSEDED BY LAW:

A. THAT PART OF PROCLAMATION 4334 OF NOVEMBER 16, 1974,

WHICH ESTABLISHES A RATE OF DUTY INCONSISTENT WITH THAT PROVIDED FOR IN PARAGRAPH B. BELOW IS HEREBY TERMINATED.

B. THE RATES OF DUTY IN RATE COLUMN NUMBERED 1 FOR ITEMS 155.20 AND 155.30 OF SUBPART A, PART 10, SCHEDULE 1 OF THE TSUS, ARE MODIFIED, AND THE FOLLOWING RATES ARE ESTABLISHED:

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155.20-----1.9875 CENTS PER POUND LESS 0.028125 CENTS PER POUND FOR EACH DEGREE UNDER 100 DEGREES (AND FRACTIONS OF A DEGREE IN PROPORTION) BUT NOT LESS THAN 1.284375 CENTS PER POUND.

155.30-----DUTIABLE ON TOTAL SUGARS AT THE RATE PER POUND APPLICABLE UNDER ITEM 155.20 TO SUGAR TESTING 100 DEGREES.

C. THE PROVISIONS OF THIS PROCLAMATION SHALL BECOME EFFECTIVE WITH RESPECT TO ARTICLES ENTERED, OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION ON AND AFTER THE DATE OF THI" PROCLAMATION AND SHALL REMAIN IN EFFECT UNTIL THE PRESIDENT OTHERWISE PROCLAIMS OR UNTIL OTHERWISE SUPERSEDED BY LAW.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND THIS TWENTY-FIRST DAY OF SEPTEMBER, IN THE YEAR OF OUR LORD NINETEEN HUNDRED SEVENTY-SIX AND OF THE INDEPENDENCE OF THE UNITED STATES OF AMERICA, THE TWO HUNDRED AND FIRST.

SIGNED GERALD R. FORD.

UNQTE.

3. TEXT OF PRESIDENTIAL STATEMENT OF SEPTEMBER 21, 1976.

QTE

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

SEPTEMBER 21, 1976

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

SINCE JULY THE PRICE OF RAW SUGAR HAS STEADILY DECLINED AND IS NOW BELOW THE COST OF PRODUCTION FOR MOST U.S. SUGAR PRODUCERS. AT CURRENT PRICE LEVELS
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MANY U.S. SUGARBEET AND SUGARCANE PRODUCERS ARE UNABLE TO OPERATE PROFITABLY. I HAVE WATCHED THESE DEVELOPMENTS WITH GROWING CONCERN, MINDFUL OF THE IMPORTANT CONTRIBUTION THAT OUR SUGAR INDUSTRY MAKES TO THE NATIONAL ECONOMY. CONSEQUENTLY, WHEN PRICES PLUMMETED IN AUGUST, THE INTERAGENCY TASK FORCE ON SUGAR POLICY WAS RECONSTITUTED TO UPDATE THE SUPPLY, DEMANDED AND PRICE OUTLOOK FOR THE REMAINDER OF 1976 AND TO CONSIDER THE POLICY IMPLICATIONS OF THESE PROJECTIONS. THE TASK FORCE HAS NOW COMPLETED ITS REVIEW AND HAS REPORTED TO ME ITS ANALYSIS OF THE PROBLEM AND THE POLICY OPTIONS.

AFTER REVIEWING THE WORK OF THIS TASK FORCE, AND DETERMINING THE VIEWS OF MEMBERS OF CONGRESS FROM THE AFFECTED AREAS, I HAVE DECIDED TO GIVE MY FULL SUPPORT TO THE REQUEST OF THE SENATE FINANCE COMMITTEE FOR AN ESCAPE CLAUSE INVESTIGATION BY THE U.S. INTERNATIONAL TRADE COMMISSION UNDER SECTION 201 OF THE TRADE ACT OF 1974. I FULLY AGREE WITH THE FINANCE COMMITTEE THAT THIS MATTER REQUIRES A FULL AND COMPLETE EXAMINATION BY THE USITC. FURTHER, BECAUSE OF THE URGENCY OF THE PROBLEM FOR AMERICA'S SUGAR PRODUCERS, I AM ASKING THE USITC TO EXPEDITE ITS REVIEW AND TO REPORT ITS FINDINGS AS SOON AS POSSIBLE.

IN ADDITION, IN VIEW OF THE DEPRESSED STATE OF THE SUGAR INDUSTRY, I HAVE DECIDED, PENDING COMPLETION OF THE USITC INVESTIGATION, TO RAISE THE DUTY ON IMPORTED SUGAR FROM .625 CENTS PER POUND TO 1.875 CENTS PER POUND EFFECTIVE IMMEDIATELY. INCREASED CUSTOM DUTIES WILL OFFER DOMESTIC PRODUCERS SOME PROTECTION FROM IMPORTS WHILE THE USITC INVESTIGATION IS UNDERWAY. I EMPHASIZE THAT THIS IS AN INTERIM MEASURE WHICH I WILL REVIEW FOLLOWING RECEIPT OF THE FINDINGS OF THE USITC AND THAT I AM NOT PREJUDGING THE EVENTUAL FINDINGS AND RECOMMENDATIONS OF THE USITC WITH RESPECT TO THE QUESTION OF INJURY OR POSSIBLE REMEDIAL MEASURES.

UNQTE. ROBINSON

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<< END OF DOCUMENT >>

Message Attributes

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